

2421

Joint Committee on Finance, August 19, 1997

1.

I. Higher Educational Aids Board -- Valorie T. Olson, Executive Secretary

The Higher Educational Aids Board (HEAB) seeks the approval of the Joint Committee on Finance regarding the renewal of the Minnesota-Wisconsin student reciprocity agreement, as required under Wisconsin Statutes s. 39.42. The new agreement will replace the current reciprocity agreement which is due to expire on June 30, 1998.

Governor's Recommendation

Approve the agreement.



TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Date: August 19, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: Section 13.10 Request from the Higher Educational Aids Board for Approval of a Renewal of the Minnesota-Wisconsin Student Reciprocity Agreement.

Request

The Higher Educational Aids Board (HEAB) seeks the approval of the Joint Committee on Finance regarding the renewal of the Minnesota-Wisconsin student reciprocity agreement, as required under Wisconsin Statutes s. 39.42. The new agreement will replace the current reciprocity agreement, which is due to expire on June 30, 1998.

Background

The current Minnesota-Wisconsin Reciprocity Agreement took effect on July 1, 1991 and will remain in force through June 30, 1998. Under the agreement, Minnesota and Wisconsin residents can attend public universities and community colleges in the neighboring state while paying tuition equal to that charged by a comparable institution in their home state. Students enrolled in any undergraduate, graduate or professional school program (excluding medical, dental and veterinary programs) are eligible for tuition reciprocity. Students from each state are considered as residents of the other state for admission purposes. In the 1995-96 academic year, 11,731 Minnesota students and 9,312 Wisconsin students received post-secondary instruction in the neighboring state under the terms of the reciprocity agreement.

The reciprocity agreement is negotiated and administered by the Minnesota Higher Educational Services Office (MHESO) and Wisconsin's HEAB. The Joint Committee on Finance as specified under s. 39.47 and s. 39.42 must approve any changes to or renewals of the agreement. To go into effect an amended or new agreement must also be approved by the University of Minnesota Board of Regents and the Minnesota State Colleges and Universities Board of Trustees.

Since the 1968-69 academic year when the initial agreement was implemented, the fundamental goals of the tuition reciprocity agreement have remained unchanged.

Through the agreement and the Annual Memorandum of Understanding which implements the agreement, the administering agencies have sought to:

- Maximize both states' ability to efficiently meet the educational needs of their citizens by increasing the availability and accessibility of post-secondary educational opportunities for residents of both states, while avoiding some programmatic duplication and more fully utilizing existing institutional resources.
- Ensure that both states benefit from the agreement and that the determination of each state's obligation under the agreement is based on an equitable formula which reflects the educational costs incurred by each state.

Operation and History of the Current Agreement

To participate in the reciprocity program, students must apply to the administering agency in their home state. Under the current agreement, students from each state are treated as residents of their home state for admission purposes. When they enroll in a participating institution in the neighboring state, these students are charged "reciprocity tuition". "Reciprocity tuition" is currently defined as the average tuition, excluding segregated fees, the student would have paid had the student enrolled in a comparable institution in his or her home state. Since Minnesota resident tuition is greater than resident tuition at comparable Wisconsin institutions, the reciprocity tuition paid by Minnesota students exceeds that which University of Wisconsin campuses would collect from Wisconsin residents. The excess tuition collected by these campuses is deposited in the general fund as GPR-earned.

The reciprocity agreement also provides for a payment between the states to ensure that each state is adequately compensated for the educational services it provides to residents of the other state. The financial obligation of each state under the agreement equals the difference between the "reciprocity cost" of the instruction and the reciprocity tuition paid by the students. "Reciprocity cost" for both states is defined as 64% of Wisconsin's total per credit instructional costs. This cost, which is calculated for each of the student categories defined in the agreement, is intended to reflect variable educational costs, i.e. that portion of total educational costs that vary with changes in enrollment. Under the current agreement, all students fall under one of four student enrollment categories: undergraduates at doctoral granting institutions, graduate students at doctoral granting institutions, undergraduate and graduate students at four-year campuses, undergraduates at two-year campuses. For each category of students, the variable cost per credit is multiplied by the number of student credit hours in that category. The sum of the resulting product in each of the categories is the Gross State Obligation. The Gross State Obligation less the total reciprocity tuition paid by reciprocity students equals the Net State Reimbursement Obligation. The state with the larger Net State Reimbursement Obligation reimburses the other state for the difference between the two net obligations.

Prior to the 1995-96 academic year, Minnesota had annually made a reciprocity payment to Wisconsin. These payments, which have ranged from \$1.7 million to \$6.6 million, are attributable to the fact that a substantial majority of the students participating in the program are Minnesota students attending UW institutions. In FY97, for the first time during the history of the agreement, Wisconsin's net obligation was greater than Minnesota's and according to the terms of the agreement, Wisconsin made a payment to Minnesota totaling \$505,159. While Wisconsin made a reciprocity payment to Minnesota in FY97, the state also received revenue through the excess tuition paid by Minnesota students. Since these revenues totaling \$4.9 million are also a direct result of the agreement, the fiscal impact of the agreement in FY97 equals a \$4.4 million net benefit for Wisconsin, the sum of the GPR-earned deposited by the UW System to the general fund and the reciprocity payment.

Data on reciprocity student enrollments, reciprocity payments and total GPR-earned are summarized in Table 1. The decline in GPR-earned that is evident since the 1990-91 academic year is primarily the result of an increase in the percentage of Wisconsin students participating in the program. Since the 1985-86 academic year there has been a steady increase in the percentage of total reciprocity students who are Wisconsin residents. While approximately 31% of the students participating in the program in the 1985-86 academic year were Wisconsin residents, the most recent data (1995-96 academic year) indicate that 44% of the participants have their permanent residence in Wisconsin. This increase has led to a growing Wisconsin Net Obligation. As indicated in Table 1, the state's net obligation has surpassed that of Minnesota before the number of Wisconsin students participating in the program has reached 50% of the total. Even though more Minnesota than Wisconsin students are educated under the program, Wisconsin made a payment to Minnesota in FY97 because Minnesota students on average pay significantly higher tuition than their Wisconsin counterparts, thereby lowering Minnesota's Net State Obligation.

While the liability Wisconsin will incur under the agreement is inherently difficult to estimate, an increasing Wisconsin liability appears to be a trend that will continue. Projections based on fall 1996 enrollment data indicate that Wisconsin's liability will grow to approximately \$1.7 million for the 1996-97 academic year. The actual liability payment could vary substantially from this projection since student enrollment figures are not final. Officials at UW-System estimate that excess tuition paid by Minnesota students at UW institutions will total approximately \$5.6 million. Thus the total net benefit to the state of Wisconsin for the 1996-97 academic year is estimated at \$3.9 million, \$512,000 less than was realized in the prior year.

Table 1
Reciprocity Program Participation, Liability Payments and GPR-Earned

Academic Year	% Minnesota Students	Minnesota Students	Wisconsin Students	Reciprocity Payment*	Tuition Differential**	Total GPR-Earned
1985-86	69.2%	10,164	4,516	\$3,091,421	\$2,167,820	\$5,259,241
1986-87	68.3%	10,267	4,773	\$3,908,053	\$1,709,530	\$5,617,583
1987-88	66.7%	10,978	5,472	\$3,288,003	\$1,240,431	\$4,528,434
1988-89	64.4%	11,245	6,207	\$4,605,503	\$1,197,068	\$5,802,571
1989-90	63.3%	11,625	6,737	\$5,672,984	\$1,534,870	\$7,207,854
1990-91	62.8%	12,035	7,136	\$6,622,526	\$1,884,083	\$8,506,609
1991-92	62.2%	12,342	7,492	\$3,288,269	\$4,335,986	\$7,624,255
1992-93	60.1%	11,985	7,965	\$2,457,728	\$4,982,720	\$7,440,448
1993-94	56.9%	11,519	8,724	\$2,012,073	\$4,444,771	\$6,456,844
1994-95	57.5%	11,721	8,656	\$1,744,944	\$4,158,818	\$5,903,762
1995-96	55.7%	11,731	9,312	-\$505,159	\$4,916,057	\$4,410,897
1996-97 (est.)***	56.0%	12,189	9580	-\$1,725,000	\$5,624,000	\$3,899,000

* Paid by the State of Minnesota to HEAB as GPR-earned in the following fiscal year. In 1995-96 the State of Wisconsin made the indicated payment to Minnesota.

** Paid by Minnesota students to the UW as GPR-earned in the same fiscal year. (The amount equals the excess tuition paid by Minnesota students beyond that retained by the UW System.)

*** Estimates based on 1996-97 fall semester/quarter reciprocity program data.

Source: HEAB and UW System

Renewal of the Current Agreement

The current reciprocity agreement is due to expire on June 30, 1998.

Negotiations to draft a successor document, which began in the fall of 1995 and have recently been completed, were carried out by a group of representatives from each state. The Wisconsin negotiating team, which was led by a representative of HEAB, included representatives of the UW System, the Wisconsin Technical College System and the Department of Administration.

The current agreement formed the basis for negotiations of the new agreement. The major changes that have been incorporated into the new Minnesota-Wisconsin Reciprocity Agreement are:

1. Expiration date: The new agreement contains no expiration date, but does include language that allows either state to terminate the agreement through written notification. Should either state exercise this right, there would be a four year "shut-down period" during which reciprocity benefits would continue to be available.

2. Graduate Student Tuition: Under the new agreement graduate reciprocity students will pay the higher of the two states' resident tuition rate. Currently graduate students pay reciprocity tuition equal to resident tuition in a comparable institution in their home state. Since Minnesota generally has higher tuition rates, the impact will be felt primarily by Wisconsin residents enrolled in Minnesota graduate programs.
3. University of Minnesota-Twin Cities Rate Change: The new agreement institutes a "tuition gap charge" which will be assessed to Wisconsin residents attending the UM-Twin Cities campus. The "tuition gap charge" equals 25% of the resident tuition differential between the Twin Cities and Madison campuses. The reciprocity tuition for Wisconsin residents attending the Twin Cities campus will equal Madison resident tuition plus the "tuition gap charge". It is estimated that this additional charge will be approximately \$320 in the 1998-99 academic year. The charge will be applicable to both new and continuing students. The 25% tuition differential charge will be in effect for the first two years of the new agreement. "In the spring of the 1998-99 and 1999-00 academic years, the impact of the tuition gap charge on enrollment at the Twin Cities campus and on the goal of maintaining a financially equitable agreement will be analyzed." In subsequent years, the specification of the tuition gap charge will be subject to annual negotiations between the states.
4. "Banding" Changes: Students attending the UW-Madison campus and enrolled for 12 or more credits pay full-time fees. In contrast, Wisconsin students attending the UM-Twin Cities campus are charged full-time tuition only if they are taking 15 or more credits; students taking lower credit loads are charged tuition based on a per credit fee. To make reciprocity tuition setting consistent with UW-System practices, Wisconsin reciprocity students attending Minnesota campuses will be charged full-time tuition when enrolled for 12 or more credits. Both the "tuition gap charge" and the banding change would be applied to reciprocity students attending the Twin Cities campus. The annual tuition expenses of a Wisconsin resident attending the Twin Cities campus and enrolled for 12 credits would increase by \$850 as a result of the combined impact of two changes.
5. Paperless Application: The new agreement includes language that promotes the use of paperless applications.
6. Distance Learning: The new agreement modifies language in the current agreement, clarifying that distance learning courses are not covered by the agreement. The clarifying language is intended to prevent the agreement from creating a barrier to either state providing distance learning courses in the other state.

7. Tuition Rate Setting: Language specifying reciprocity tuition rates and the student categories that are used to compute the Gross State Obligation are removed from the agreement and placed in the annual memorandum of understanding. This change will allow the administering agencies greater flexibility in setting tuition rates and will accommodate experimentation by higher educational institutions in both states with differentiated tuition. The proposed agreement would require that reciprocity tuition be no greater than the higher of the two states' resident tuition rate.

The new agreement is being submitted to the Joint Committee on Finance a year in advance of the expiration date of the current agreement. If the new agreement is approved by the committee, it will become effective on July 1, 1998. Advance approval of the agreement is sought so that information on its terms will be available to students making post-secondary educational choices this summer and fall.

Analysis

The successor agreement proposed by HEAB is consistent with the long-standing goals of the Minnesota-Wisconsin reciprocity program. Under the proposed agreement, students of both states will continue to enjoy expanded educational opportunities in the neighboring state at tuition rates substantially below the tuition charged to other non-residents. Although tuition for some Wisconsin students will increase under the proposed agreement, tuition rates will remain significantly below the nonresident tuition rates that would be assessed if the reciprocity agreement were not renewed. (A comparison of Minnesota resident tuition, Wisconsin reciprocity tuition and Minnesota non-resident tuition can be found in an appendix to this memo.) The proposed agreement will also limit the fiscal impact of the program on each state's general fund.

The proposed changes in reciprocity tuition were advanced by the Wisconsin negotiating team as a response to the increased liability the State of Wisconsin is incurring through the operation of the agreement. Three of the proposed changes to the agreement, by increasing the tuition payments of Wisconsin students, will result in a reduction in the state's reciprocity payment. Since the state's net liability is the difference between the state's gross obligation and the total reciprocity tuition paid by students, increases in the latter decrease the state's net liability. These proposed changes are those effecting graduate student tuition, undergraduate course credit banding, and undergraduate tuition assessed at the UM-Twin Cities campus.

These changes in reciprocity tuition will have an impact both on students and the state's general fund. The impact on Wisconsin students participating in the program can be clearly defined and will be discussed below. In contrast, the effect of the changes on Wisconsin's liability is difficult to gauge since it will

depend upon levels of student enrollment and changes in tuition rates that cannot confidently be predicted. However, estimates of the impact of these changes can be made by calculating the increase in tuition that would have been paid by Wisconsin reciprocity students if the changes had been in effect for the current academic year. If the proposed changes had been in place for the 1996-97 academic year, it is estimated that the proposed change in graduate tuition would have increased the total of tuition paid by Wisconsin students to Minnesota institutions by \$250,000, the banding change would have added \$900,000 to the total, and the 25% surcharge would have increased tuition payments by approximately \$1.2 million. Since Wisconsin students are expected to pay approximately \$19.5 million in tuition to Minnesota institutions in the 1996-97 academic year, the changes, if implemented, would have led to a 12% increase in total tuition payments by Wisconsin reciprocity students before considering normal changes in tuition charges. Increases in reciprocity tuition could discourage some Wisconsin students from attending college or graduate school in Minnesota. Any reduction in the number of Wisconsin students participating in the program would further reduce Wisconsin's reciprocity liability. The proposed changes are likely to have a similar impact on the total reciprocity tuition payments in later years.

These changes in reciprocity tuition would counter the trend towards an increasing Wisconsin reciprocity liability. As discussed above, it is estimated that Wisconsin's liability will be approximately \$1.7 million for the 1996-97 academic year. The past history of the reciprocity program, as summarized in table 1, provides support for the view that Wisconsin's liability payment will continue to increase if the current reciprocity tuition structure is not altered. Wisconsin's liability payment could be as high as \$2.5 - \$3.0 million in the 1997-98 academic year. While the proposed changes in reciprocity tuition would reduce the state's liability, as long as the percentage of Wisconsin students participating in the program increases, the level of state resources committed to the program will also increase.

Although the state's liability under the program has increased as the number of Wisconsin students participating in the program has grown, the program remains financially advantageous to the state. Not only does the program expand educational opportunities for state residents, but it also expands enrollment at UW-System campuses, particularly those close to the state's border with Minnesota. Finally, as shown in the last column of Table 1, the increase in Wisconsin's liability is offset, in part, by the excess tuition revenue paid by Minnesota students which is deposited in the general fund as GPR-earned.

The major changes included in the proposed agreement will:

- Reduce the general fund cost of the program to taxpayers by increasing the reciprocity tuition paid by students.

- Provide added flexibility to accommodate changes in the educational marketplace which is moving towards greater inter- and intra-institutional tuition differentials.

Discussion of the major changes follows:

1. Expiration date:

- The new agreement has no specified end date.
- The agreement would be automatically renewed each year unless amended with the consent of both states.
- The termination provisions included in the new agreement would allow students who began their studies while the agreement is in place to continue their education under the terms of the agreement for four years.
- The change would make the reciprocity agreement consistent with Wisconsin's interstate agreements for technical college students.

2. Graduate Student Tuition:

- Graduate students would be charged the higher of the two states' resident tuition rate.
- A similar provision is already in place for students attending the University of Minnesota Law School.
- Wisconsin residents enrolled in a graduate program at a Minnesota State University campus would experience limited increases in tuition since tuition at these campuses and comparable University of Wisconsin comprehensive campuses are roughly equivalent.
- Tuition paid by Wisconsin residents enrolled in graduate programs at the UM-Twin Cities would increase from the UW-Madison rate of \$3,994 per academic year to the Minnesota graduate annual tuition rate of \$4,680 - a \$780 increase in tuition.
- Based on information supplied by the two state universities, Wisconsin tuition is expected to increase by a larger percentage than tuition in Minnesota during the next two academic years. If Wisconsin tuition does in fact increase at a faster rate than tuition at Minnesota campuses, the gap between Wisconsin and Minnesota graduate tuition rates will close, lessening the impact of this change.

3. University of Minnesota-Twin Cities Rate Change:

- The "Tuition Gap Charge" will only be applied to undergraduate Wisconsin students attending the Twin Cities campus. This affects about 45% of the undergraduate Wisconsin reciprocity students attending Minnesota campuses.
- Minnesota residents attending UM-Twin Cities are charged \$3,929 for a year of full-time study while Wisconsin reciprocity students currently pay \$2,823. In the past, Minnesota officials had expressed concern over the lower tuition paid by Wisconsin residents. Nonresidents attending the UM-Twin Cities campus are charged \$11,084 for a year of full-time study.
- The proposed change would go into effect for new and returning students for the 1998-99 academic year.
- During the past two academic years there have been disproportionately large increases in the number of Wisconsin students enrolling at the Twin Cities campus, a 15.4% increase in 1995-96 and a 10.8% increase in the current academic year compared to an overall increase of 6.7% for the remaining Minnesota institutions. It is not possible to identify the causes of these increases, but UW System's enrollment management efforts combined with the price differential between Minnesota resident tuition and the current reciprocity tuition could be a factor. The increasing number of Wisconsin students participating in the program does account for some of the increase in the state's net reciprocity obligation and in the reduction in the total GPR-earned.
- Had the "tuition gap charge" been in place for the 1996-97 academic year, Wisconsin residents attending the UM-Twin Cities as full time undergraduates would have been charged \$2,971, an increase of \$320, or 12%, over the UW-Madison rate of \$2,651.
- Based on projections of tuition rates at these two campuses, the tuition gap charge would result in a \$304 increase for Wisconsin students attending the Twin Cities campus in the 1998-99 academic year.
- For the 1996-97 academic year University of Minnesota campuses have assessed all students, including Wisconsin reciprocity students, \$60 per quarter (\$180 annually) in addition to the reciprocity tuition. At the request of HEAB, University of Minnesota officials have agreed to discontinue assessing Wisconsin reciprocity students this fee. The resulting decrease in fees charged to Wisconsin residents will in part offset the tuition gap charge, and result in an effective increase of \$140 if the 25% tuition gap charge is implemented.

4. "Banding" Changes:

- Under the current agreement, a Wisconsin resident taking 13 credits would pay \$2,651 in annual tuition if enrolled at UW-Madison, compared to only \$2,298 if they attend UM-Twin Cities.
- Under the proposed changes, tuition charged to Wisconsin students attending Minnesota campuses would be calculated in a manner that is consistent with tuition determination at UW System campuses.
- Wisconsin students taking a full load (15 or more credits) would not be effected by the change.
- The impact of the change on students taking less than 15 credits would vary between institutions and with the number of credits taken. A student taking 13 credits at a Minnesota State University campus would pay approximately \$95 more per quarter. For students taking 14 credits the tuition increase would be approximately \$48.
- The change is consistent with current law which requires that Wisconsin students attending Minnesota institutions under the agreement be charged the "average academic fee that would be charged the student at a comparable public institution of higher education located in his or her state of residence".

5. Paperless Application:

- The implementation of a paperless application process, which is encouraged by the new agreement, could lead to administrative efficiencies.
- A paperless application process could be integrated with the on-line Student Information System currently being developed by UW-System.

6. Distance Learning:

- The changes clarify that the agreement does not cover distance education courses offered by either state to residents of the other state.

7. Tuition Rate Setting:

- The proposed agreement removes language in the current agreement that defines reciprocity tuition as "approximately the average tuition that would have been charged the student at a comparable public institution in his/her home state". The proposed agreement specifies that students will be allowed "access to public postsecondary institutions in the neighboring state at a rate not to exceed the higher of the Wisconsin or Minnesota resident tuition at comparable institutions". Details of the reciprocity tuition rates are described

in the proposed annual memorandum of understanding, and must be mutually agreed upon by the two administering agencies.

- The definition of student enrollment categories is also transferred to the annual memorandum.
- Both of these changes will allow greater flexibility in setting reciprocity tuition levels. This flexibility will be increasingly important if the Board of Regents pursues plans to increase the use of differential tuition levels among campuses and among programs within campuses.
- Minnesota officials also pushed for these changes. If the changes were in place, the proposed transfer of UM-Morris between student enrollment categories which reflects the enhancement of program offerings at that campus could have been accomplished by mutual agreement of the two administering agencies.
- Placing the definition of student enrollment categories in the annual memorandum of understanding is consistent with Wisconsin Statutes s. 39.47. This change would make it easier to create new student enrollment categories that reflect differential tuition across UW-System campuses.
- Wisconsin statutes specify that tuition must be "the average academic fee that would be charged the student at a comparable public institution of higher education located in his or her state of residence". Under current law, reciprocity tuition rates can not vary across programs at a given institution, nor can Wisconsin students be charged tuition in excess of the rate they would be assessed had they enrolled in a Wisconsin institution. Before the proposed changes to the agreement's definition of reciprocity tuition could go into effect, legislation to amend Wisconsin statutes s. 39.47 would have to be enacted.

The proposed changes to the agreement arguably respond to developments in the Minnesota-Wisconsin reciprocity program that have occurred since the current agreement was signed in 1990. The change in graduate student reciprocity tuition extends a practice that has previously been approved on a more limited scale by the JCF. The redefinition of credit "banding" for undergraduates ensures equal treatment for all Wisconsin residents regardless of whether they attend a public institution of higher education in Wisconsin or Minnesota. If implemented, the "tuition gap charge" would increase fees for Wisconsin students who choose to attend the UM-Twin Cities campus. The proposed fee increase is moderate, and since it only applies to one Minnesota campus it would not significantly restrict the educational choices of Wisconsin residents. In addition, even with the proposed tuition gap charge, Wisconsin residents will still be able to attend the UM-Twin Cities campus at a cost far below what they would pay in the absence of the tuition reciprocity agreement. The benefits of the proposed agreement to

Wisconsin students are illustrated in the appendix to this memo. The appendix compares the tuition paid by Minnesota residents, Wisconsin reciprocity students and other non-residents at Minnesota institutions of higher education. The first table compares full-time tuition rates in effect under the current agreement, while the second shows what these rates would have been had the proposed changes discussed above been in effect during the 1996-97 academic year. While the proposed changes to the agreement increase tuition rates for some categories of students, all Wisconsin students will continue to have access to Minnesota campuses at rates below that paid by some Minnesota residents and all other non-resident students.

Finally, the proposed changes in the definition of reciprocity tuition and the transfer of the language which specifies the categories of student enrollment to the annual memorandum of understanding are advanced as means to create a more flexible agreement. It has been suggested that this flexibility is needed if the agreement is to be effective in an environment where universities are making increasing use of differential fee policies to accomplish their educational mission. If approved, the changes would allow the administering agencies in the two states to alter reciprocity tuition rates to reflect changes in the tuition schedules of the University of Wisconsin System and its Minnesota counterparts. The agreement would limit this flexibility by prescribing that reciprocity tuition could not exceed the higher of the two state's resident tuition rates. While there are reasonable concerns that some restriction on reciprocity fee setting should be in place to ensure that the interests of students, taxpayers, and the University of Wisconsin System are balanced, the statutory language required to implement this provision could be drafted to provide protection against large tuition increases.

Recommendation

Approve the agreement.

Prepared by: Peter Maternowski
264-8259

APPENDIX

1996-97 Tuition Schedule for Minnesota Institutions: Under Current Agreement

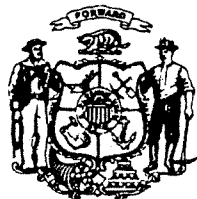
Institution	MN Resident Undergraduate Tuition	WI Reciprocity Undergraduate Tuition	Non-Resident Undergraduate Tuition	MN Resident Graduate Tuition	WI Reciprocity Graduate Tuition	Non-Resident Graduate Tuition
UM-Twin Cities	\$3,929	\$2,651	\$11,484	\$4,680	\$3,994	\$9,390
UM-Duluth	\$3,812	\$2,639	\$11,484	\$4,680	\$3,977	\$9,390
MN State Univ. System	\$2,517	\$2,304	\$5,626	\$2,884	\$2,990	\$4,570
MN Community Colleges	\$1,973	\$1,779	\$3,845	N/A	N/A	N/A

1996-97 Tuition Schedule for Minnesota Institutions: Had Proposed Changes to the Reciprocity Agreement Been in Effect

Institution	MN Resident Undergraduate Tuition	WI Reciprocity Undergraduate Tuition	Impact of Proposed Change	MN Resident Graduate Tuition	WI Reciprocity Graduate Tuition	Impact of Proposed Change
UM-Twin Cities	\$3,929	\$2,971	\$320	\$4,680	\$4,860	\$686
UM-Duluth	\$3,812	\$2,639	\$0	\$4,680	\$4,860	\$703
MN State Univ. System	\$2,517	\$2,304	\$0	\$2,884	\$2,990	\$0
MN Community Colleges	\$1,973	\$1,779	\$0	N/A	N/A	N/A

Tommy G. Thompson
Governor

Valorie T. Olson
Executive Secretary



HEAB Mailing Address:
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Madison, WI 53707-7885

FAX No. 267-2808

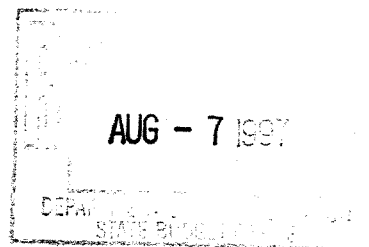
State of Wisconsin Higher Educational Aids Board

131 West Wilson Street, Madison, Wisconsin

August 5, 1997

The Honorable Brian Burke
Joint Committee on Finance, Co-Chair
Suite #1, 119 Martin Luther King Boulevard
Madison, WI 53702

The Honorable Scott Jensen
Joint Committee on Finance, Co-Chair
State Capitol, Rm. 315N
Madison, WI 53707



Dear Senator Burke and Representative Jensen:

There has been a slight revision to the first page of the new Minnesota Wisconsin Tuition Reciprocity Agreement.

The second sentence of the first paragraph on page 1 of the new agreement should read: "These purposes will be accomplished by granting students access to public postsecondary institutions in the neighboring state at a rate not to exceed the higher of the Wisconsin or Minnesota resident tuition rates at comparable institutions."

Please substitute the enclosed first page of the new agreement for the original first page of the new agreement.

If additional information is required, please contact me at 267-2206.

Sincerely,

A handwritten signature in cursive script that reads 'Valorie T. Olson'.

Valorie T. Olson
Executive Secretary

cc: Bob Wood, Governor's Office
Julie Kane, Governor's Office
Rick Berg
Peter Maternowski, DOA Budget Analyst
Steve Miliato, DOA Budget Analyst
Merry Larson, Legislative Fiscal Bureau
Bob Lang, Legislative Fiscal Bureau

MINNESOTA-WISCONSIN PUBLIC HIGHER EDUCATION RECIPROCITY AGREEMENT

~~July 1, 1991 - June 30, 1998~~

General Provisions

I. Purpose and Nature of the Agreement

The purposes of this Agreement are to continue to improve the postsecondary education advantages of residents of Minnesota and Wisconsin through greater availability and accessibility of postsecondary education opportunities and to achieve improved effectiveness and economy in meeting the postsecondary education needs of Minnesota and Wisconsin residents through cooperative planning efforts. These purposes will be accomplished by granting students access to public postsecondary institutions in the neighboring state at a rate not to exceed the higher of the Wisconsin or Minnesota resident tuition rates at comparable institutions. ~~at approximately the average academic fees which govern these residents at public institutions in their home state.~~ Under this Agreement, Minnesota residents are afforded the opportunity to attend public institutions in Wisconsin on the same academic basis that Wisconsin residents attend these institutions; and Wisconsin residents are afforded the opportunity to attend public institutions in Minnesota on the same academic basis that Minnesota residents attend these institutions.

With the exception of those programs identified within this Agreement for which specific quotas are established, the opportunity to enter a public institution in the neighboring state will be dependent upon the availability of space in the particular program which the student seeks to enter. A student whose reciprocity application is approved by the appropriate agency in his/her state of residence will be accommodated in a public institution in the neighboring state if he/she meets those admission requirements which are applied to residents of the neighboring state and if space is available in the program which the student seeks to enter.

Tommy G. Thompson
Governor

Valorie T. Olson
Executive Secretary



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FAX No. 267-2808

State of Wisconsin Higher Educational Aids Board

131 West Wilson Street, Madison, Wisconsin

August 5, 1997

The Honorable Brian Burke
Joint Committee on Finance, Co-Chair
Suite #1, 119 Martin Luther King Boulevard
Madison, WI 53702

The Honorable Scott Jensen
Joint Committee on Finance, Co-Chair
State Capitol, Rm. 315N
Madison, WI 53707

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Sincerely,

A handwritten signature in cursive script that reads "Valorie T. Olson".

Valorie T. Olson
Executive Secretary

cc: Bob Wood, Governor's Office
Julie Kane, Governor's Office
Rick Berg
Peter Maternowski, DOA Budget Analyst
Steve Miliato, DOA Budget Analyst
Merry Larson, Legislative Fiscal Bureau
Bob Lang, Legislative Fiscal Bureau

Tommy G. Thompson
Governor

Linda Stewart
Secretary



State of Wisconsin

Department of Workforce Development

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August 8, 1997

The Honorable Brian Burke
Senate Chair, Joint Committee on Finance
119 Martin Luther King Blvd., LL1
Madison, WI 53707

The Honorable Scott Jensen
Assembly Chair, Joint Committee on Finance
315 North, State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Jensen:

The Department of Workforce Development (DWD) requests approval of the Joint Committee on Finance under s. 13.10 to transfer \$121,011,600 GPR in 1997-98 from the appropriations under s. 20.445(3)(d), (de) and (df) to the appropriation under s. 20.445(3)(dz) in order to continue the implementation of the Wisconsin Works (W-2) program.

1995 Wisconsin Act 289 created the Wisconsin Works program. It also created the appropriation under s. 20.445(3)(dz) entitled Wisconsin Works Administration and Benefits. This appropriation was to be the primary source of GPR funding for the W-2 program. Because W-2 was not scheduled to begin until September 1997, however, no GPR was appropriated in this bill. The clear legislative intent, however, was that this appropriation be funded in the 1997-99 biennial budget process.

Because the 1997-99 biennial budget has not yet passed the Legislature, DWD, like other state agencies, is using its 1996-97 appropriations and funding levels. However, for DWD, these appropriations support the old Aid to Families with Dependent Children (AFDC) program, not the W-2 program. In order to ensure that there is sufficient GPR available in 1997-98 to fund the W-2 program it is necessary to transfer GPR from the old AFDC appropriations to the new W-2 appropriation.

The chart below summarizes the transfer of funding from the three AFDC-related appropriations to the (3)(dz) W-2 appropriation.



The Honorable Brian Burke
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Approp. 20.445(3)	Numeric Approp	Title	Transfer to 20.445(3)(dz)	Balance Remaining
(d)	308	IM Payments to Individuals & Counties	\$ 84,420,300	\$ 24,253,200
(de)	307	Income Maintenance County Admin	14,350,600	14,350,600
(df)	377	Employment Programs; Aids	<u>22,240,700</u>	<u>5,127,100</u>
		Totals	\$121,011,600	\$ 43,730,900

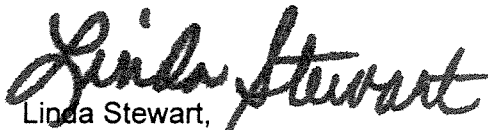
The amounts remaining in the three appropriations represent the GPR share of funding required for AFDC benefits, including burials, NLRR payments until cases are converted to Kinship Care and the \$77 supplement for SSI caretakers of AFDC children; the Job Opportunities and Basic Skills (JOBS) program; and county income maintenance administration. The amounts transferred should be sufficient to fund the W-2 program, including child care and job access loans, until passage of the budget.

DWD will work from the version of the W-2 budget passed by the Joint Committee on Finance, but will not implement those parts of the W-2 program that are not part of current law, such as the higher CSJ and W-2 T grant amounts or the \$77 SSI supplement for caretakers of AFDC children. In addition, in recognition of the fact that the Senate Democratic version of the budget eliminates the Employment Skills Advancement program, the department is not requesting a transfer of funding to that current law appropriation at this time.

Approval of this request will facilitate the implementation of the W-2 program this September. Again, only those components that were part of the original bipartisan W-2 legislation will be implemented until the 1997-99 biennial budget passes.

Ms. Jean Rogers, Administrator for the Division of Economic Support, will represent the Department at the s.13.10 meeting.

Sincerely,


Linda Stewart,
Secretary




The University of Wisconsin System

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August 8, 1997

TO: Senator Brian Burke, Co-Chair
Representative Scott Jensen, Co-Chair
Members, Joint Committee on Finance

FROM: Katharine C. Lyall, President 

RE: Proposed Wisconsin-Minnesota Reciprocity Agreement

I am urging your support and approval of the proposed new Wisconsin-Minnesota Tuition Reciprocity agreement at your 13.10 meeting on August 19. This reciprocity agreement is an important educational alliance that has successfully served both students and taxpayers of Wisconsin. Last year, 9,300 Wisconsin students attended Minnesota postsecondary institutions, and 11,700 Minnesota students attended UW System institutions. The State General Fund also benefited from \$4.9 million in GPR-earned from tuition paid by Minnesota students above the Wisconsin resident tuition rate.

The agreement as proposed will create an open-ended contract without a fixed termination date. Although either state can terminate the agreement with a 4-year phase-out, this change reflects both states' strong support for continuation of the program. To provide flexibility, details of the program will be administered through an Annual Memorandum of Understanding between the two administering agencies. This will make it easier to experiment with new pricing schedules to balance the inter-state payments in a timely manner.

Several modifications would require some Wisconsin students attending Minnesota institutions to pay more tuition. Changes such as charging: (1) graduate students the higher of the Minnesota or Wisconsin tuition rates, (2) 25 percent of the tuition differential between the UW-Madison resident rate and the UM-Twin Cities rate, and (3) Wisconsin undergraduate students attending Minnesota institutions full-time fees if enrolled for 12 credits or more will bring equity and financial stability to the program. Although these changes would require some students paying more, it would still be far less than if there were no agreement and the students paid out-of-state tuition.

The question arises, who should pay for the privilege of attending a Minnesota institution, the student or all state taxpayers? These modifications fairly balance the interests of our students and state taxpayers.

As always, please feel free to contact me if I can be of any assistance.

cc: Vice Presidents

RIVER FALLS

River Falls, WI 54022

Office of the Chancellor

August 13, 1997

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Senator Brian Burke, Co-Chair
Joint Finance Committee
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Burke

I am writing to seek your support on August 19 when the Committee on Joint Finance considers extending the Minnesota-Wisconsin Public Higher Education Reciprocity Agreement. For over 18 years, the agreement has demonstrated that it is a benefit to taxpayers and students of the two states. Nearly two decades into the program, it remains educationally sound.

UW-River Falls has become a leader in seeing that the reciprocity agreement is implemented adequately and fairly at all levels. We work closely with Minnesota schools by regularly responding to requests for System-wide information on admissions and transfer policies, as well as academic program offerings. This cooperation reduces confusion for Wisconsin students and their parents.

In practice, reciprocity between Minnesota and Wisconsin is a vibrant, living relationship that changes in response to society's needs and demands. The most significant factor that reflects this is the changing relationship in tuition reciprocity as both states edge toward parity in the level of participation. The University of Wisconsin System data shows that in 1995-96, some 56 percent of those students participating in reciprocity are Minnesota residents, with 44 percent from Wisconsin. The raw figures in 1995-96 show that 21,403 students participated from both states, with 9,312 Wisconsinites studying in Minnesota.

It is clear that reciprocity has a lengthy history that shows it is a highly successful program that is growing in importance each year. Wisconsin residents through their increasing participation in reciprocity have demonstrated their support for a wise public policy. I urge you to support its continuation.

Sincerely,



Gary A. Thibodeau
Chancellor

MINNESOTA-WISCONSIN PUBLIC HIGHER EDUCATION RECIPROCITY AGREEMENT

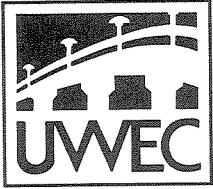
~~July 1, 1991 - June 30, 1998~~

General Provisions

I. Purpose and Nature of the Agreement

The purposes of this Agreement are to continue to improve the postsecondary education advantages of residents of Minnesota and Wisconsin through greater availability and accessibility of postsecondary education opportunities and to achieve improved effectiveness and economy in meeting the postsecondary education needs of Minnesota and Wisconsin residents through cooperative planning efforts. These purposes will be accomplished by granting students access to public postsecondary institutions in the neighboring state at a rate not to exceed the higher of the Wisconsin or Minnesota resident tuition rates at comparable institutions. ~~at approximately the average academic fees which govern these residents at public institutions in their home state.~~ Under this Agreement, Minnesota residents are afforded the opportunity to attend public institutions in Wisconsin on the same academic basis that Wisconsin residents attend these institutions; and Wisconsin residents are afforded the opportunity to attend public institutions in Minnesota on the same academic basis that Minnesota residents attend these institutions.

With the exception of those programs identified within this Agreement for which specific quotas are established, the opportunity to enter a public institution in the neighboring state will be dependent upon the availability of space in the particular program which the student seeks to enter. A student whose reciprocity application is approved by the appropriate agency in his/her state of residence will be accommodated in a public institution in the neighboring state if he/she meets those admission requirements which are applied to residents of the neighboring state and if space is available in the program which the student seeks to enter.



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August 8, 1997

To: Senator Brian Burke, Co-Chair
Representative Scott Jensen, Co-Chair
Members, Joint Committee on Finance

From: Larry Schnack, Chancellor, University of Wisconsin - Eau Claire

Re: Proposed Wisconsin-Minnesota Reciprocity Agreement

I would like to express support for the proposed Minnesota-Wisconsin Reciprocity Agreement and advocate for its approval at your 13.10 meeting on August 19.

The agreement as proposed maintains an important educational resource for students while making some adjustments that represent appropriate compromises. As the loan/grant imbalance increases in the financial aid programs, this "gift" assistance in the form of reduced tuition becomes even more meaningful for participating students. Last year over 1,700 students at UW-Eau Claire received tuition assistance through the reciprocity agreement.

While tuition reciprocity offered a considerable financial resource for our students who are Minnesota residents, those same students generated over \$495,000 in additional revenue from the tuition they paid above the Wisconsin resident tuition rate. Additionally, these 1,700 students continue to be a valuable asset for our local economy, bringing in new dollars to the community, while being funded through the Minnesota and federal governments.

Clearly, reciprocity serves our students and our community. The proposed modifications in the agreement are fair and appropriate. I would urge approval of the proposed agreement.

cc: President Katharine Lyall
Provost Marjorie Smelstor